



Shareholder Update

Elko Energy Inc. ('Elko') is pleased to provide this further business development update.

Business Update - Denmark

On May 31, 2010 Elko announced an agreement with the Norwegian Energy Company ASA (Noreco) wherein Noreco would farm in to the 02/05 license with a 47% working interest and Elko would retain 33% and the remaining 20% would continue to be held by the Danish North Sea Fund (DNSF). As announced at that time, the 02/05 partners were engaged in further technical studies to optimize the location of the first exploration well through which the partners intend to test the overall Rotliegendes play concept.

The studies overall technical risk assessment concluded that the optimal drilling location, to test the Rotliegendes play, was outside of the 02/05 license, in an area which extends immediately to the west of the 02/05 license. The extension of the Rotliegendes reservoir has been mapped in detail on both 2D seismic data, reprocessed 2D seismic data and some 3D seismic data.

Subsequently, the 02/05 license Group submitted an application to the Danish Energy Agency for an adjoining area immediately to the west of the 02/05 license area. The application was made in the same working interest percentages as in the 02/05 license, namely Noreco 47% and operator, DNSF 20%, Elko 33%. The application also contained a proposal for a significant partial relinquishment of the original 02/05 licensed area judged to be geologically unattractive.

Elko is pleased to announce that the 02/05 license group has been awarded a new license 01/11 of some 1,900 square km, immediately to the west of the original 02/05 license area. The 02/05 license group has relinquished 3,645 square km of the original 02/05 license judged to be geologically unattractive, whilst retaining some 1,745 square km of the original 02/05 license area. The combined area of both blocks is 3,645 square km. The new license 01/11 requires that an exploration well is drilled no later than 24 months after issuance of the license. The 01/11 license is for an overall six year period and has a series of work program commitments and options as are typical in licenses of this nature. The 01/11 partners have already selected the specific well location and intend to drill the well in 2011. The well will be known as 'Luna'.

The 'Luna' well location has been selected to test the Rotliegendes play in the optimum position in terms of reservoir quality, thickness and hydrocarbon charge for the combined prospective area. The 'Luna' well is located in a down faulted half graben with increased chance of having reservoir preserved and higher chance of successful hydrocarbon charge, being closer to the prolific Danish Central Graben kitchen area. The 'Luna' well location benefits from the fact that 3D seismic is available at the chosen location. Following award of this new license the consortium is now in a position to contract a drilling rig where after the timing of the drilling of the Luna well will be clearer.

Elko intends to update the current version of the Danish acreage Competent Persons Report (CPR) which only covers the original 02/05 license, to reflect the new combined area. When completed, the new CPR will be posted on Elko's website (www.elkoenergy.com). The current version of the CPR is available on the Elko website.

Further updates regarding the drilling of this well will be provided as appropriate.

Peter Moir, President
February 1, 2011

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this President's Message that are subject to significant risks and uncertainties. These statements concern Elko's plans, expectations and objectives for future operations of Elko's licenses in the North Sea.